



# *CITY COUNCIL*

## *Finance Committee*

### **Meeting Report Monday, February 2, 2009**

**Committee Members Attending:** J. Waltman, M. Baez

**Others Attending:** V. Spencer, C. Younger, R. Hottenstein, D. Cituk, L. Kelleher

#### **Parking Fines**

The committee reviewed the spreadsheet provided by Mr. Lee, Executive Director of the Parking Authority. The spreadsheet provides a breakout of fines collected for each parking regulation currently on the books. Ms. Kelleher stated that she received a phone call this afternoon informing her that Mr. Lee was unable to attend this evening due to an illness.

Mr. Waltman noted the seeming discrepancy between the amount of the original fine for parking violations and the amount the fine increases if it is not paid after the first ten (10) days. Mr. Hottenstein asked the committee to remember that they approved the ordinances setting the fines.

Mr. Spencer expressed his understanding that the large jump in the fine after a ten (10) day period is used to encourage compliance. Mr. Waltman expressed the belief that some leniency should be provided for those who do not pay within the stated time. Ms. Kelleher agreed with Mr. Spencer, noting that the large increase if the fine is not paid within ten (10) days is used to encourage people not to forget to pay the fine. She added that the Parking Authority now offers online payment, which greatly increases the public's ability to pay the fine within the first ten (10) days.

The topic will be revisited at the April Finance Meeting when Mr. Lee can be present.

#### **Water Utility Billing**

Mr. Waltman reported that he and Mr. Spencer have had a meeting with the Mayor

and Managing Director on this issue. Their next meeting is scheduled for later this week. He asked that this issue be delayed until after the Administration has had time to address and correct the issues identified.

### **2009 Budget**

The agenda attachments include the budget as amended and approved by Council on December 15, 2008, when the Mayor's veto of the ordinance was overridden. The agenda also includes the Administration's proposed amendments to the budget approved by Council.

Some of the proposed amendments include:

- A 5% increase the property taxes - \$750,000
- Transfer from the Solid Waste Enterprise fund - \$388,000
- Reduction in Reading Parking Authority rental fee - \$700,000
- Eliminating the Floater in the Finance Department
- Eliminating the Codes Division Manager
- Eliminating two Library employees
- Eliminating 2 Public Works employees

Mr. Hottenstein noted the overall decrease in the Training line items across all departments.

When reviewing the proposed amendments Mr. Waltman questioned the meaning of the October 15th column. As the Administration could not provide a response to this question, Mr. Waltman asked that the amendment be redrafted to include only the 2008 budget, the budget proposed by the Administration on October 1, 2009, the budget amended and approved by Council on December 15, 2009 and the proposed amendments.

### **Repeat External Audit Findings**

Mr. Cituk distributed a handout listing the repeat findings selected by the Administration to resolve in 2009. The issues selected are:

- 07-1 Modified Accrual Basis of Accounting  
Recommended adjustment - monthly or quarterly accounts receivable adjustments for Trash, Recycling, Water Sewer billing
- 07-6 Unclaimed Property  
Recommended adjustment - timely filing of unclaimed property (tax payment) reports as required by State statute
- 07-7 Segregation of Duties - Bank Reconciliation  
Recommended adjustment - separating responsibilities for processing general

ledger entries and performing bank reconciliation functions - an accountant will be hired

- 07-10 Journal Entries

Recommended adjustment - Finance Director approval of the journal entries made by the Accounting Treasury Manager

### **Core Services**

The Finance Committee noted the need for the Administration and Council to begin planning for the 2010 budget. Mr. Hottenstein stated that he expects a \$10,000,000 gap in 2010. This gap does not consider the impact of the MMO.

Mr. Spencer inquired when the RFP for the collections of EIT, Per Capita, Housing Permit fees, etc will be opened. Mr. Hottenstein stated that the bid opening was delayed due to inclement weather and is now scheduled for March 13th. He noted his expectation that the collections will yield only moderate, one-time revenue results. However, he noted that the collection agency will help the Administration develop best practices for various departments.

Mr. Spencer inquired when Mr. Hottenstein will have a good picture of revenue expectations for 2010. He also inquired about the Administration's position on filing for Act 47. Mr. Hottenstein stated that the Administration will be prepared to begin discussing the 2010 budget in May and that the Administration is still evaluating the pros/cons of filing for Act 47.

Mr. Waltman noted the need for Council and the Administration to jointly consider various options including increasing service and program fees. He suggested that the Administration poll Council to disclose the best path for the 2010 budget. He noted his belief that the City is not yet ready to enter Act 47. He reminded everyone of the past work to improve the City's financial condition and to avoid the deficits predicted by the PEL studies. He noted that at this point Act 47 is not the City's only alternative. He suggested that the Administration begin by reviewing different contracts and work to amend those contracts to yield reductions.

Mr. Hottenstein stated that the Administration will develop a road map over the next two months. Mr. Spencer noted the Administration's promise to begin working with Council on the 2010 budget in early 2009. He stated that beginning discussions in May is no improvement over that used in years past. Mr. Waltman stated that the Finance Agenda has been set to encourage 2010 budget discussions; however, the Administration has avoided the subject over the past three months. He also noted the Administration's delay in presenting the correct 2009 budget and proposed amendments.

Mr. Spencer asked Mr. Hottenstein if he has started working with the recommendations made by the Maximus report. Mr. Hottenstein stated that this report is in draft form and the zoning area is still under study. He stated that he will begin reviewing the recommendations with Ms. Kelleher next Tuesday. He stated that meeting with Ms. Kelleher should result in joint recommendations for various fee adjustments.

Mr. Washington, a citizen attending the meeting, suggested that the City work to reduce the postage expense by consolidating billing practices. Mr. Hottenstein stated that this issue is currently being reviewed.

The Public Safety Committee arrived.

### **Budget Charter Amendment**

Mr. Waltman noted the difficulties the December 15th Charter timeline provides. He noted the suggestion by Ms. Kelleher to eliminate the language that puts the default budget in place. Mr. Hottenstein stated that removal of the default budget would leave the City hanging. Ms. Goodman-Hinnershitz suggested that the language be amended to use the prior year budget as the default budget. Mr. Cituk noted that the Charter timeline forces the Administration and Council to work together to a point of compromise. Ms. Goodman-Hinnershitz agreed that the timeline forces the two bodies to negotiate.

Mr. Waltman asked Ms. Kelleher to forward this issue to the Legislative Aide Committee.

The Finance Meeting adjourned at approximately 7:55 p.m.

*Respectfully submitted by Linda A. Kelleher CMC, City Clerk*

### **FOLLOW-UP ISSUES**

- Review of Parking Fines
- Review amendments proposed for 2009 Budget
- Update on resolution of the repeat findings selected for resolution
- Review Maximus Report
- 2010 Budget – revenue expectations
- Update RFP for collections
- Update consolidation of billing practice
- Charter Amendment re budget timeline and default budget – referred to Legislative Aide Committee